



January 23, 2012

Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge St
26th Floor
Toronto, Ontario M4P 1E4

**Re: Orangeville Hydro Limited ED-2002-0500
2012 IRM3 Distribution Rate Application
VECC Reply Submission
Board File No. EB-2011-0190**

Dear Ms. Walli:

Please find enclosed Orangeville Hydro Limited's response to the Submission of the Vulnerable Energy Consumers Coalition (VECC) received January 13, 2012.

An electronic version of our response has been filed on the Ontario Energy Board's RESS Filing System and two (2) hard copies have been sent by courier to the Board office to the attention of the Board Secretary.

We hope that you find everything in order but if you do require further assistance or have any questions, please contact Jan Howard at jhoward@orangevillehydro.on.ca or by phoning 519-942-8000.

Yours truly,

ORANGEVILLE HYDRO LIMITED

Jan Howard
Manger of Finance & Rates



Reply Submission
Orangeville Hydro Limited
2012 IRM3 Distribution Rate Application
Board File No. EB-2011-0190

Orangeville Hydro Limited

VECC Reply Submission

2012 IRM3 Rate Application

EB-2011-0190

January 23, 2012

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, Sch.B, as amended;

**AND IN THE MATTER OF an Application by
Orangeville Hydro Limited pursuant to
section 78 of the *Ontario Energy Board Act*
for an Order or Orders approving just and
reasonable rates for electricity distribution
to be effective May 1, 2012.**

RESPONSE TO VECC FINAL SUBMISSION

Orangeville Hydro Limited (Orangeville) would like to respond to the submissions of Vulnerable Energy Consumers Coalition ("VECC") regarding EB-2011-0190 dated January 13, 2012.

Revenue- to- Cost Ratios

Orangeville concurs with the VECC submission that the revenue to cost ratio adjustments are in accordance with EB-2009-0272 Decision and the 2012 workform was completed appropriately. Orangeville recognizes that Board Staff will make adjustments to the revenue to cost ratio.

Lost Revenue Adjustment Mechanism

Orangeville's 2010 load forecast assumed a reduction of 330,658 kWh representing the CDM savings from 2008 programs only. At the time the 2010 load forecast was prepared, Orangeville believed it took prudent steps to address CDM savings in the load forecast but was also under the understanding that any CDM savings achieved in 2010 beyond the reduction of 330,658 kWh would be recoverable through a LRAM claim.

Orangeville's 2010 load forecast was supported by a regression analysis that reviewed the actual monthly power purchased data from 1998 to 2008 to arrive at a prediction formula to forecast the load for 2010. Generally speaking, in the regression analysis each year from 1998 to 2008 influences the prediction formula in a similar manner. In other words, one year does not influence the prediction formula more than any other. As a result, the CDM savings from the 2006 and 2007 programs will have minimal impact on the resulting prediction formula since these two years do not hold any more weight in the regression analysis than any other actual year. At best 2/11ths (i.e. 2 actual years out of 11 total actual years) of the CDM savings from 2006 and 2007 programs would influence the prediction formula

and the resulting 2010 load forecast. In addition, CDM savings from 2009 and 2010 programs was not even considered in the prediction formula that supported the 2010 load forecast since information on 2009 and 2010 programs was not available at the time the 2010 load forecast was prepared.

Orangeville was not forecasting any CDM results for programs relating to 2009 and 2010 in the 2010 load forecast. Therefore for the 2012 LRAM claim, Orangeville reduced the LRAM claim both in 2010 and 2011 recognizing that the 2008 amount of the CDM savings of 330,658 kWh was already accounted for in the 2010 load forecast. However, any CDM savings above this amount was not accounted for in the 2010 load forecast and any lost revenue associated with the additional savings should be eligible for an LRAM claim in order to remove the disincentive associated with distributor induced lost revenues from CDM programs.

Consequently, Orangeville submits that the LRAM claim for \$38,736 be approved by the Board.

2011 LRAM Error

Orangeville would like to reiterate that the 2011 LRAM application was reviewed by a third party as both parties (Orangeville and consultant) reviewed the model at that time and the error was not evident. Orangeville submits that it is prudent to rectify the error in the 2011 LRAM claim.

All of which is respectfully submitted.

Orangeville Hydro Limited

Jan Howard, Manager of Finance & Rates